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SBC Communications Inc.
1401 I Street, N.W.
Suite 1100
Washington, DC 20005



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April 11, 1997

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Federal Communications Commission
Office of Secretary

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, D.C. 20554

Re: CC Docket No. 96-128, Pacific Bell and Nevada Bell Comparably Efficient
Interconnection Plan for the Provision of Payphone Service: Ex Parte
Communication

Dear Mr. Caton:

On behalf of Pacific Bell, this letter responds to the ex parte communication of April 10, 1997 filed by California Payphone Association ("CPA"). The substantive points of CPA's filing are without merit, and, to the extent CPA's description of Pacific Bell's activities is accurate, do not contradict Pacific Bell's CEI plan commitments. CPA's ex parte filing should, therefore, be disregarded.

The Ex Parte Communication has No Substantive Merit

CPA summarizes its communication as a concern that recent changes in Pacific Bell's Customer Owned Pay Telephone ("COPT") service order processing cause independent payphone service providers to "depend on their direct competitors in Pacific's Public Communications Division ("PubCom") to take and implement their orders for COPT service." CPA also claims that Pacific Bell's revised service order procedures favor its own PSP operation to the detriment of independent PSPs and in violation of Pacific Bell's comparably Efficient Interconnection ("CEI") plan for payphone services.

CPA is wrong.

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Only Pacific Bell's COPT Service Center Will Accept and Process COPT Service Orders

First of all, Pacific Bell's independent PSP operation does not and will not take COPT service orders for any PSP, including itself. As Pacific Bell explained in its CEI plan, all COPT service orders for all PSPs are to be submitted to and will be processed by Pacific Bell's COPT Service Center, not by PubCom customer service. This is true regardless of whether or not a service order replaces an existing Pacific Bell PSP service.

Elimination of the Unique "Regrade" Process for Independent PSP Service Replacing Pacific Bell PSP Service Is Appropriate

Second, CPA argues that elimination of the unique process for handling independent PSP orders which would replace service provided by Pacific Bell's PSP operation favors that operation. In fact, elimination of that process results in applying the same process for the replacement of Pacific Bell's PSP service as has been in place for the replacement of independent PSPs' services.

A brief description of this replacement process, which the industry sometimes refers to as a "regrade", is necessary. When any PSP seeks to replace the service of another PSP at a particular location, the incoming PSP has two choices. The incoming PSP may request Pacific Bell to install an additional line at the location and incur the appropriate new installation costs. In the alternative, the incoming PSP may negotiate an agreement with the existing PSP to supercede the existing service to the incoming PSP. The charges for a supercedure, which is essentially a billing record change, are much less than for a new installation.

Historically, Pacific Bell has required that:

- With respect to a regrade between independent PSPs, the outgoing and incoming PSPs negotiate the supercedure among themselves. As a practical matter, this negotiation occurs and the incoming PSP usually then calls the COPT Service Center to place the appropriate new installation or supercedure order. If the incoming PSP requests a supercedure, the COPT Service Center adds the outgoing PSP to the call, obtains the outgoing PSP's authority to supercede the account and processes the supercedure order.¹
- With respect to the replacement of Pacific Bell PSP service by an independent PSP, the COPT Service Center would facilitate the regrade process by forwarding the information described in the attachment to CPAs' letter to a "Contract Administrator" who would identify and attempt to resolve any contractual issues with respect to the location.² The Contract Administrator was able to perform this function because both the COPT Service Center and Pacific Bell PSP operation are integrated business units of Pacific Bell.

¹ In the alternative the two PSPs may each sign a supercedure form and fax the form to the COPT service center for processing without the three-way call.

² Contractual issues might arise if a contract exists between the site owner and Pacific Bell's PSP operation.

Pacific Bell has now elected to treat all regrades in the same manner by requiring that replacements of Pacific Bell PSP service be handled in the same manner as replacements of independent PSP service. It is now expected that all PSPs negotiate a supercedure with any outgoing PSP before placing a supercedure order with the COPT Service Center. To this end, the COPT Service center has been notifying independent PSPs when they call the Center to initiate a regrade of Pacific Bell PSP service that they must first call Pacific Bell's PSP operation. That operation has been staffed and ready to review the status of its accounts and negotiate a supercedure as appropriate since April 1. Independent PSPs who do not desire to negotiate a supercedure with Pacific Bell's PSP may, as always, submit a new installation order for the site at issue.

CPA's statement that Pacific Bell's PSP operation is not prepared to address service orders is correct. As described above, the PSP operation will not process service orders. CPA's complaint regarding the same is misplaced - - Pacific Bell's PSP operation does not, will not and should not accept orders for COPT service.

Only One COPT Service Center Activity Has Changed and All Are Consistent With Pacific Bell's CEI Plan

Third, only one of the COPT Service Center activities which CPA identifies as having changed on or around April 1 has actually changed. None of these activities amount to a violation of Pacific Bell's CEI plan.

In particular,

- The only activity which has changed is the "universalization" of COPT Service Center representatives. These representatives are now available to serve any and all PSPs calling the Center's 800 telephone number, including Pacific Bell's own PSP operation. A PSP requesting a particular representative will be transferred to that representative or, if he or she is not immediately available, may elect to either have the call returned by that representative or to work with a then available representative.
- The COPT Service Center is not aware of having changed any process for confirming due dates to PSPs.
- The requirement that the outgoing PSP account be paid in full before the supercedure order is processed is a long standing Pacific Bell revenue protection policy. There have been no recent changes in that policy. The COPT Service Center holds the supercedure order until the balance is paid - - it does not require the incoming PSP to submit a second supercedure order after payment. A PSP who desires not to wait until the outgoing PSP has paid its account in full may either pay the balance due³ or submit a new installation order.

³ The incoming PSP would have to obtain the amount of the balance due from the outgoing PSP.

- The COPT Service Center has not put "routine customer tasks" on hold pending completion of any special project. The Center is not aware of any other deterioration of its ability to process such requests.

CPA fails to explain how the above activities contradict the assurances which CPA identifies. As a result, Pacific Bell finds it difficult to respond to these allegations. Nevertheless, Pacific offers the following:

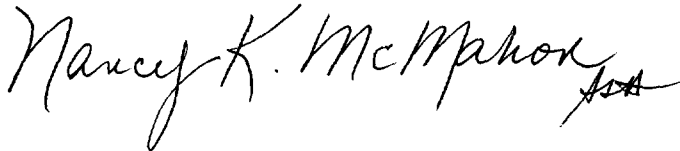
- Pacific Bell's PSP operation will take all basic network services used to provide payphone service on the same terms and conditions as are available to all independent PSPs.
- Pacific Bell's procedures for the installation of network services do not depend on and are not otherwise affected by the identify of the PSP. Because CPA did not describe any alleged issues with service installation, there is absolutely no basis for CPA's claim that Pacific Bell's processes contradict this commitment.
- Only Pacific Bell's COPT Service Center will accept orders for COPT service. The statement that the COPT Service Center would accept service orders from PSPs or their authorized agents was not intended as a carte blanche for PSPs to require acceptance of orders regardless of the presence of existing COPT service to the location - - Pacific Bell will not disconnect or supercede existing service without the authority of the existing PSP to do so. The elimination of the previously existing unique regrade process for service orders replacing existing Pacific Bell PSP service results in equal treatment of all regrade orders.
- The fact that PSPs must negotiate supercedures among themselves does not give rise to CPNI issues or the possibility of improper notice of new service orders. Pacific Bell's COPT service operation will not disclose any such information regarding independent PSPs to its own PSP operation. Rather, the incoming PSP will have to disclose to Pacific Bell's PSP the same information which it would have to disclose to any other PSP whose services it wishes to displace. Furthermore, it is unclear why the replacing PSP would have to disclose to Pacific Bell's PSP operation any more information than that under the previous unique regrade process, a process which CPA approves.

Conclusion

For the foregoing reasons, CPA's ex parte communication should be disregarded. There is no substantive merit to CPA's claims. The lack of substantive merit suggests that CPA's communication is in fact a bad faith, eleventh hour attempt to confuse the Commission into denying Pacific Bell the right to receive interim compensation, thereby disabling a significant player in the payphone services marketplace.

Please contact me at (510) 823-0140 should you wish to discuss this matter further.

Very truly yours,

A handwritten signature in cursive script that reads "Nancy K. McMahon". There is a small, illegible mark at the end of the signature.

Nancy K. McMahon
Senior Counsel

cc: Marty Mattes
A. Richard Metzger
Blaise Scinto
Christopher Heimann

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